

Message Text

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PAGE 01 BRUSSE 19372 01 OF 02 271907Z

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 4004

INFO ALL EC CAPITALS

LIMITED OFFICIAL USE SECTION 01 OF 02 BRUSSELS 19372

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SUBJECT: EC/ACP PREPARATIONS FOR "LOME II" NEGOTIATIONS

1. INTRODUCTION AND SUMMARY: EC COMMISSION DG-VIII (DEVELOPMENT) OFFICIALS RECENTLY COMPLETED A PRELIMINARY, OR "BRAINSTORMING", PHASE OF PREPARATIONS FOR NEGOTIATIONS TO EXTEND THE LOME CONVENTION, WHICH EXPIRES IN 1980. COMMISSION'S FIRST FORMAL INTER-SERVICE DISCUSSIONS ON SUBSTANCE OF COMMUNITY POSITIONS FOR "LOME II" WERE SCHEDULED TO BEGIN WEEK OF DECEMBER 19. ALTHOUGH IDEAS CONTAINED IN THIS MESSAGE, BASED ON NUMEROUS CONVERSATIONS WITH INFORMED EC COMMISSION AND ACP OFFICIALS, MUST BE CONSIDERED ONLY TENTATIVE AT PRESENT, COMMISSION OFFICIALS HOPE TO HAVE AN INTERNALLY AGREED POSITION BY FEBRUARY FOR SUBMISSION TO THE EC COUNCIL IN MARCH. WE ARE TOLD THAT COUNCIL ENDORSEMENT OF COMMUNITY NEGOTIATING MANDATE IS EXPECTED IN JUNE, IN TIME FOR CEREMONIAL OPENING OF NEGOTIATIONS WITH ACP COUNTRIES THE FOLLOWING MONTH. END INTRODUCTION AND SUMMARY.

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PAGE 02 BRUSSE 19372 01 OF 02 271907Z

2. GENERAL NEGOTIATING STRATEGIES

A. COMMISSION DEVELOPMENT OFFICIALS EMPHASIZE GENERAL EC STRATEGY IS TO REDRESS WHAT IS PERCEIVED AS "IMBALANCE" IN PRESENT LOME CONVENTION (IN FAVOR OF ACP'S) BY SEEKING TO INCLUDE IN LOME II SEVERAL PROVI-

SIONS OF SUBSTANTIVE INTEREST TO THE COMMUNITY. WHILE THE PRESENT TREATY TEXT MAY PROVIDE BASIS ON WHICH NEGOTIATIONS PROCEED, SEVERAL ADDITIONS AND IMPROVEMENTS COVERING SPECIFIC TOPICS WILL BE PROPOSED BY THE EC. LATTER CHANGES ARE LIKELY TO INCLUDE, FOR EXAMPLE: (1) MEASURES TO ENHANCE OVERSEAS BUSINESS INVESTMENT CLIMATE, SUCH AS INVESTMENT PROTECTION AND GUARANTEE AGREEMENTS WITH EACH OF THE ACP STATES (ON AN ELECTIVE BASIS); (2) IMPROVED INDUSTRIAL COOPERATION GUIDELINES, I.E., MORE "RATIONAL" IN TERMS OF DOMESTIC ECONOMIC PROBLEMS OF THE EC MEMBER STATES, AS WELL AS OF THE NEEDS OF THE ACP'S; (3) EXPANDED ROLE FOR EC/ACP INDUSTRIAL DEVELOPMENT CENTER, PARTICULARLY IN ENCOURAGING RAW MATERIALS EXPLOITATION; (4) CONSULTATION PROCEDURES PERMITTING EARLY WARNING IN THE EVENT ACP EXPORTS DISRUPT MARKETS IN THE NINE; (5) LIBERALIZED EC FISHING RIGHTS IN ACP WATERS; AND (6) A PREAMBULAR CLAUSE REGARDING RESPECT FOR HUMAN RIGHTS. COMMISSION OFFICIALS ARGUE THAT PRESENT ECONOMIC AND POLITICAL CONDITIONS IN THE NINE REQUIRE THE COMMUNITY TO TAKE A MORE ACTIVE STANCE IN DEFENSE OF EC INTERESTS VIS-A-VIS THE DEVELOPING COUNTRIES.

B. ACCORDING TO LOCAL ACP OFFICIALS, A PRIORITY ACP OBJECTIVE IN FORTHCOMING NEGOTIATIONS WILL BE TO HALT EROSION OF TRADE PREFERENCES GRANTED TO ACP COUNTRIES UNDER THE LOME CONVENTION DUE TO THE OPERATIONAL EFFECT LIMITED OFFICIAL USE

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PAGE 03 BRUSSE 19372 01 OF 02 271907Z

OF THE GSP. A SECOND OBJECTIVE IS TO IMPROVE STABEX OPERATIONS THROUGH (1) EXPANDED PRODUCT COVERAGE (E.G., MINERALS), AND (2) A SCHEME FOR INDEXING COMMODITY PRODUCER RETURNS TO CONSUMER PRICES. OTHER PRIORITY OBJECTIVES ARE TO: INCORPORATE MEASURES TO PROTECT ACP WORKERS RESIDENT IN THE COMMUNITY; PROMOTE "CULTURAL COOPERATION"; IMPROVE PRESENT TREATY PROTOCOLS COVERING ACP EXPORTS OF SUGAR, BANANAS, AND RUM, AND EXTEND THE COVERAGE TO INCLUDE BEEF AND OTHER COMMODITIES; AND EXTEND LIFE OF CONVENTION FROM FIVE YEARS TO UNLIMITED DURATION. ALSO, TRADITIONAL LDC DEMAND FOR LONG-TERM ARRANGEMENTS FOR SECURING SUPPLIES OF SURPLUS EC AGRICULTURAL COMMODITIES IS EXPECTED TO BE RAISED. APC'S IN BRIEF, WISH TO CONTINUE PRESENT DISTRIBUTION OF TREATY BENEFITS WHICH IS HEAVILY IN THEIR FAVOR; CONSEQUENTLY, THEY ARE SEEKING ESSENTIALLY TO RENEW THE EXISTING CONVENTION (LOME I) RATHER THAN TO COMPLETELY "RENEGOTIATE" THE PRESENT TEXT. FOR THIS REASON, THEY ARE LOATHE TO ACCEPT THE DESIGNATION "LOME II" AS USED BY THE COMMISSION.

3. POSSIBLE TRADE-OFFS

COMMISSION OFFICIALS RECOGNIZE THAT TO OBTAIN COMMUNITY OBJECTIVE OF A MORE EQUAL SHARING OF BENEFITS IN FUTURE BETWEEN THE TWO PARTIES TO THE AGREEMENT, EC-9 MUST BE PREPARED TO OFFER CERTAIN CONCESSIONS TO ACP NEGOTIATORS. AMONG CONCESSIONS UNDER CONSIDERATION REPORTEDLY ARE: (A) INCREASED AMOUNTS OF FINANCIAL AND TECHNICAL ASSISTANCE, ESPECIALLY FOR LEAST DEVELOPED COUNTRIES; (B) GREATER FLEXIBILITY IN AID DISBURSEMENT PROCEDURES; (C) MORE EMPHASIS ON REGIONAL DEVELOPMENT PROJECTS; (D) LONG-TERM PURCHASE AGREEMENTS COVERING AGRICULTURAL COMMODITIES PRODUCED (WITH EC DEVELOPMENT AID) IN THE ACP'S; (E) ASSISTANCE IN ESTABLISHING FOOD SECURITY STOCKS IN THE LDC'S; AND (F) MEASURES TO PROVIDE ACCESS BY "MIDDLE LIMITED OFFICIAL USE

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PAGE 04 BRUSSE 19372 01 OF 02 271907Z

LEVEL" LDC'S TO WESTERN CAPITAL MARKETS.

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PAGE 01 BRUSSE 19372 02 OF 02 271908Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 BRUSSELS 19372

4. MEMBERSHIP

COMMISSION OFFICIALS ANTICIPATE THAT BRUSSELS' OAU GROUP WILL PROMOTE ACP STATUS FOR MOZAMBIQUE AND ANGOLA, AS WELL AS NAMIBIA AND ZIMBABWE SHOULD THE LATTER TWO EVENTUALLY ACHIEVE INDEPENDENCE. EC REPORTEDLY IS WILL-

ING TO CONSIDER FAVORABLY ENLARGEMENT OF ACP RANKS,
SHOULD ANY ADDITIONAL INDEPENDENT BLACK AFRICAN STATES
WISH TO JOIN CONVENTION.

5. COMMENT

WITH MORE THAN TEN MONTHS TO GO BEFORE ACTIVE EC/ACP
NEGOTIATIONS ON RENEWAL OF LOME CONVENTION BEGIN, MISSION
CAUTIONS THAT FOREGOING IDEAS CAN ONLY BE CONSIDERED
TENTATIVE. LENGTHY PROCEDURES REQUIRED ON BOTH SIDES
FOR ARRIVING AT FINAL NEGOTIATING MANDATES WILL DOUBTLESS
HAVE EFFECT ON ULTIMATE NEGOTIATING PRIORITIES.
MOREOVER, ROLE OF PERSONALITIES IN FORTHCOMING NEGOTIA-
TIONS COULD BE IMPORTANT; SHOULD LEADERSHIP CHANGE
ABRUPTLY, (E.G., DEPARTURE OF EC COMMISSIONER CHEYSSON
AS A RESULT OF MARCH FRENCH ELECTIONS--CONSIDERED BY
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PAGE 02 BRUSSE 19372 02 OF 02 271908Z

SOME BRUSSELS OBSERVERS TO BE A REAL POSSIBILITY AND BY
OTHERS TO BE UNLIKELY) AN ADDED ELEMENT OF UNCERTAINTY
MIGHT BE FELT IN PREPARATIONS FOR NEGOTIATIONS. END
COMMENT. HINTON

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